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PRELIMINARY SURVEY FOR PLAN ON CHINA

1. The psychological problem involved in Communist domination of the mainland, and its importance in Soviet expansion throughout Asia is recognized as most important by all member agencies. Facing this situation, however, is the question of policy regarding Communist China as a basis for comprehensive planning. Also, there is some question whether present guidance in member agencies conducting operations in regard to China and its periphery are adequate.

2. On the other hand, there is a great volume of information available in the various member agencies on Communist China and the potentialities for obtaining worthwhile additional information or resources is similarly encouraging. In this connection, a preliminary survey of existing information on Communist China divulges several topics which could be the basis for the exploitation of certain potential weaknesses of the Peiping regime in the field of internal control, Sino-Soviet relations, and Communist China's relations with other Asian countries.

a. Chinese Communist propaganda media and intelligence information have referred with increasing frequency during the past three months to a new program of economic and industrial reconstruction. This pattern would suggest that Communist China is now contemplating a move into a new period requiring substantial amounts of capital goods especially machinery, trained technical personnel, and foreign exchange. Any significant increase in the economic potential of Communist China, whether for civilian or military production, obviously is dependent upon substantial Soviet support. The Soviet Union, even if able, is unlikely, however, to provide Communist China with the means whereby China could become militarily or economically independent of the USSR. The trend of recent events and the pronouncements of Chinese Communist leaders also clearly indicate that military production will have first priority in the projected Chinese Communist industrial reconstruction program. Since the Chinese Communists are forced to attempt this industrial expansion in the face of an unsettled Korean war, expanding military requirements, and with the general international climate both uneasy and increasingly hostile to them, it would appear that a large segment of the Chinese population would at this time be vulnerable to certain psychological programs designed to create disaffection.

b. The Peiping regime is gradually increasing collectivization methods in agricultural production in Manchuria and North China. Obviously, collectivization methods this early in the

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history of the Peiping regime will negate much of the political capital which the Peiping regime heretofore has gained from its program of Agrarian Reform. Collectivization methods are designed to destroy the traditional social-economic structure of the rural China, but it is also possible that this program can result in a measure of dissidence among China's peasantry, which comprises over 80% of the population of China.

c. The history of Sino-Russian relations is full of conflicts over Sinkiang, Mongolia, and Manchuria. During the last century there has been almost continuous Russian encroachment on Chinese interests in those areas. The Sino-Soviet Treaty of 1950 temporarily ended such border disputes. It is difficult to believe, however, that such long standing disputes have been permanently settled. We think that they are likely to recur, in one form or another, and that they must be considered in assessing the probable course of Sino-Soviet relations in the future.

d. At present, the interests of China are for the most part confined to the Far East; those of the Kremlin are world-wide. Hence, the Chinese Communists may view the accomplishment of Far Eastern objectives with more urgency and impatience than do the Soviets, who might postpone action in the Far East because of situations elsewhere in the world. The Chinese Communists might make demands upon the USSR, or even take action, incompatible with the long-range Soviet global interests. This is applicable to the Korean conflict which is a potential source of friction to the two regimes. In addition, Peiping may attempt to extend its own sphere of influence in Southeast Asia. There is evidence that the Chinese Communist role in "liberation" movements has been increasing but has not been permanently defined.

3. The foregoing items can be supported by existing data in the intelligence community.

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